

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission, ) Application No. C-1628/NUSF  
on its own motion, seeking to )  
conduct an investigation into ) PROGRESSION ORDER #6  
intrastate access charge reform )  
and intrastate universal )  
service fund. ) Entered: May 12, 1999

BY THE COMMISSION:

On January 13, 1999, the Commission entered an Order that envisioned each incumbent local exchange carrier (ILEC) submitting a transition plan for Commission approval. The Order required that each transition plan "detail any and all rate adjustments during the applicable transition period." As a part of each transition plan, a carrier was required to include a tariff filing for each year of the transition plan to be submitted on or before July 1, of each year of the transition period. Such annual tariff filing, among other things, was to set forth the "level of ... local exchange service charges and the magnitude of the changes being made to these charges..."

In the January 13, 1999, Order, the Commission established the residential target rate of \$17.50 and found that the single-line business service rate should be set at \$27.50. In recognition of the fact that current rates of each carrier bear a unique relationship to the target rates, the Commission, in the Order, made the following statement concerning rate increases:

In each annual filing, companies shall have the option of (1) increasing local service rates by the maximum percentage permitted by Neb. Rev. Stat. secs. 86-803 and 75-609.01 until such time as the rates meet the local rate rebalancing targets; or, (2) increasing local service rates annually at an amount approved by the Commission but less than the allowable statutory maximum so that, at the end of the transition period, residential and business rates are at or above the lower of the local rate rebalancing target or cost, unless otherwise approved by this Commission. Order at p. 4.

After further reflection on the various procedures which might be utilized by carriers pursuant to the above-quoted provision of the Order, and bearing in mind the burden that would be created for the Commission and its staff, as well as the carriers, by the requirement that all incumbent local exchange carriers initiate annual rate proceedings for the next three years (in the case of non-rural carriers) or four years (in the case of rural carriers), the Commission concluded that a different procedure was needed to accomplish local rate revisions in conjunction with transition plans to be filed by each Nebraska local exchange carrier.

The Commission determined that it would be wasteful of Commission resources and add undue expense and delay to the process to require each company to separately justify an increase in basic local exchange rates in connection with the submission of a compliant transition plan as such basic local rate increases are necessary to implement the access reductions envisioned by the Commission in its Findings and Conclusions.

Therefore, the Commission encouraged each carrier to file, as a part of its initial transition plan, a request pursuant to Neb. Rev. Stat. sec. 86-803(4) that the Commission prescribe and approve as fair, just and reasonable the local exchange rate revisions (a) for the entire three-year period of each non-rural carrier's transition plan, and (b) for the entire four-year period of each rural carrier's transition plan.

In order to meet the statutory requirement of Neb. Rev. Stat. sect. 86-803(4) and to prescribe "fair, just and reasonable" local exchange rates, the Commission is opening a new docket, NUSF-5/C-2045 in which to review said rates and take public comment on the proposed rate increases. All other portions of each company's transition plans will be remain under Docket No. C-1628/NUSF unless specifically assigned at a later time to a different docket.

#### O P I N I O N S     A N D     F I N D I N G S

As such, the Commission hereby modifies the time-line previously set forth in C-1628/NUSF Progression Order #5 regarding the final approval of companies transition plans. The final approval of such plans will now be completed on or before July 31, 1999.

The Commission finds that there are no statutory requirements related to the access changes required by the C-1628 Order. However, with respect to the non-rural company access changes in year three, the Commission proposes to hold hearings as to whether the proposed changes comply with the requirement that implicit subsidies have been removed from access charges by the end of the transition period. There would be a separate hearing from each non-rural company. These hearings would commence in the year 2000 and be completed by December 31, 2000.

Furthermore, until such time that the Commission prescribes fair, just, and reasonable rates pursuant to NUSF-5/C-2045, the Commission hereby waives the requirement of filing a tariff for each year of the transition plan as set forth in the initial C-1628 Order, dated January 13, 1999.

#### O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that a copy of this Progression Order #6 be served upon each of the parties to this docket.

IT IS FURTHER ORDERED that the time-line previously set forth in the January 13, 1999, Order in C-1628 and modified in the March 9, 1999, C-1628/NUSF Progression Order #5 is hereby modified as set forth above.

IT IS FURTHER ORDERED that until such time that the Commission prescribes fair, just, and reasonable rates pursuant to NUSF-5/C-2045, the Commission waives the requirement of filing a tariff for each year of the transition plan as set forth in the initial C-1628 Order, dated January 13, 1999.

IT IS FURTHER ORDERED that interested parties are hereby notified of the creation of NUSF-5 under which the Commission will prescribe fair, just and reasonable rates pursuant to Neb. Rev. Stat. sect. 86-803(4).

IT IS FINALLY ORDERED that only ILECS will be made parties to NUSF-5/C-2045 by the Commission at this time, however, any other party may choose to intervene if they so desire.

MADE AND ENTERED at Lincoln, Nebraska, this 12th day of May, 1999.

NEBRASKA PUBLIC SERVICE COMMISSION:

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director

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